

IN THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF PENNSYLVANIA

UNITED STATES OF AMERICA	:	Criminal No.: 03-
v.	:	Date: October 3, 2003
JONATHAN FREDERICK REIFF	:	Violation:
		18 U.S.C. §§1341, 1346
		(Mail Fraud— 1Count)

INFORMATION

COUNT ONE

THE UNITED STATES ATTORNEY CHARGES THAT:

1. Beginning in or about 1991, defendant JONATHAN FREDERICK REIFF was the Director of Engineering and Maintenance at Cardinal Hill Rehabilitation Hospital of Lexington, Kentucky (the "Hospital").

2. Among defendant Reiff's duties was the placing of orders for lighting and maintenance supplies for the hospital. The defendant did this by issuing a purchase order for the requested goods to a vendor. When supplies he ordered were delivered, it was his job to match the goods with the purchase order, to authorize payment by writing "OK to Pay," on the face of the invoice and initialing it and to send the now approved purchase order to accounting for payment.

3. It was the goal of the scheme to obtain bribes from vendors who in return for Hospital orders for grossly overpriced lighting and maintenance supplies paid bribes and kickbacks to the defendant equal in value to approximately ten percent of the value of the grossly overpriced order. Bribes and kickbacks included such items as gift certificates to department stores and restaurants, home appliances and tools, electronic equipment and other items of value.

4. From on or about September 1, 1994 through in or about August 2002, in the Eastern District of Pennsylvania and elsewhere, defendant

JONATHAN FREDERICK REIFF

devised and intended to devise a scheme to defraud the Cardinal Hill Rehabilitation Hospital of the Hospital's intangible right to honest services, and to obtain money and property by means of false and fraudulent pretenses, representations and promises.

It was part of the scheme that:

5. Between in or about 1994 and on or about August 31, 2002, defendant JONATHAN FREDERICK REIFF was solicited by telemarketers, including, Lighting Products, Company ("Delta Lighting"), North American Products, Star Maintenance Products, Lee Products Corp, Mechanics Supply, Inc, Atlas, Maintenance Supply and Capital Supply, to order grossly overpriced lighting and other maintenance goods from their respective companies, defendant Reiff agreed knowingly to place orders for their products in order to receive promised bribes for placing orders with them for the Hospital.

6. To avoid detection by his superiors of his corrupt conduct, defendant JONATHAN FREDERICK REIFF directed the companies to mail the bribes to his personal residence.

7. To obtain bribes, defendant JONATHAN FREDERICK REIFF routinely ignored a Hospital policy that orders over \$500 be co-authorized in advance by the Vice President of Finance.

8. At times, Delta Lighting and Capital Supply mailed to the Hospital twice the amount of goods that defendant JONATHAN FREDERICK REIFF had ordered. Notwithstanding the gross overpricing of all goods sent, REIFF accepted the double orders of goods on behalf of the Hospital because he knew that he would receive bribes on the unordered goods in addition to the bribes he knew to expect on the ordered goods.

9. In or about 1997 or 1998, defendant JONATHAN FREDERICK REIFF received notice that Delta Lighting was under investigation.

10. Thereafter, defendant JONATHAN FREDERICK REIFF engaged in the same practices, but with another vendor, Capital Supply, Inc., whose salesman he knew as "Mike." Defendant Reiff received more product from Capital Supply than he had ordered, just as he had from Delta Lighting, but did not complain and did not return the merchandise, because he knew that he would get bribes equal to approximately ten percent of all product delivered and accepted.

11. Between on or about September 1, 1994 and in or about August 2002, defendant JONATHAN FREDERICK REIFF knowingly authorized payments to Delta Lighting, Capital Supply and other similar companies, the excessive charge to Cardinal Hill Hospital for which maintenance and housekeeping items was approximately \$200,000.

12. On or about May 28, 2002, in the District of Kentucky and elsewhere, having devised and intending to devise the scheme, defendant

JONATHAN FREDERICK REIFF

for the purpose of executing the scheme and attempting to do so, knowingly caused to be delivered by mail according to the directions thereon, a letter from Capital Supply, Inc., P.O. Box 875, Clementon, New Jersey 008021, to the defendant at his residence in Lexington, Kentucky which letter contained between \$300 and \$400 in Walmart gift certificates which constituted bribes from Capital Supply, for 48 transformers for which the Hospital was charged a total of \$5,514.88.

In violation of Title 18, United States Code, Sections 1341 and 1346.

PATRICK L. MEEHAN
United States Attorney